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May 21, 2003

VIA ELECTRONIC FILING

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: CC Docket No. 99-273

Dear Ms. Dortch:

Pursuant to Section 1.1206(b) of the Commission's rules, this letter is being filed to inform you that on May 20, 2003, Lois Pines of InfoNXX, Inc. and the undersigned, its counsel, met with Michelle Carey, Greg Cooke (via telephone) and Rodney McDonald, all with the Wireline Competition Bureau, and Commissioner Michael Copps and his legal advisor, Jessica Rosenworcel, to discuss issues raised in the above-referenced proceeding. We emphasized that directory assistance is one of the only areas in the telecommunications industry in which the Commission has taken no action to permit competition for retail consumers. The result is that wireline DA prices remain high and service quality is stagnant.

The Commission's December 21, 2001 Notice of Proposed Rulemaking in this docket essentially asked three questions:

- (1) Can the retail DA market sustain competition?
- (2) Will consumers respond to DA competition?
- (3) How best can the FCC bring retail DA competition to this sector of the industry?

We addressed each of these issues in turn.

First, as the attached handout elaborates, we explained that recent experience in the U.K. provides evidence of the consumer benefits and investment potential from unleashing competition in the retail DA market. More than a dozen companies have responded to the market-opening steps taken by Oftel in December 2002. These companies are spending

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hundreds of millions of pounds on call centers, telecommunications infrastructure and advertising.

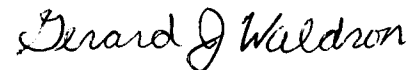
Second, consumers already are seeing the benefit of competition based on price and quality for their DA traffic. *Amazingly, after only six months, 20% of BT's customers have used a new dial string, and yet the default code is still operational.* (It will be phased out on August 24, 2003.) The parties explained that the policies in the U.K. build on results of other European countries, including Germany, Ireland, Sweden, Norway and Spain, all of which have acted to promote retail DA competition by phasing out the default numbers, and they have seen consumers readily adapt to new dial strings.

The parties emphasized that the unmistakable lesson from these countries, beyond the important notion that DA competition will attract impressive investment even in a down economy, is that removing the incumbent default code, establishing number parity, providing for billing and collection, and requiring access to incumbent data and network capability at forward-looking costs is the only way to create effective competition.

Third, the parties discussed the various proposals that have been submitted to the Commission to promote retail DA competition, including the use of 555 numbers as a means for all DA providers to deliver DA services. The parties explained that the activation of 555 numbers, coupled with the phasing-out of 411 and 555-1212, is the best option to ensure robust competition in the wireline retail directory assistance market. The parties also discussed how state policies affecting DA, including handling of certain calls and "lifetime" subsidies, would be affected by FCC action.

The attached presentation was distributed at the meeting. Please do not hesitate to contact me with any questions concerning this matter.

Sincerely,



Gerard J. Waldron

Attachments

cc: Ms. Jessica Rosenworcel
Ms. Michelle Carey
Mr. Greg Cooke
Mr. Rodney McDonald
Ms. Louise Klees-Wallace

FCC Retail DA Proceeding

InfoNXX, Inc.

05/20/03

FCC Retail DA Proceeding

Who Is InfoNXX?

InfoNXX is the leading competitive directory assistance provider in the U.S., providing contract DA services for wireless and competitive networks.

InfoNXX pioneered “call completion” service that connects the caller directly to the number.

InfoNXX also provides movie listings, restaurant reservations, directions and other helpful information.

InfoNXX uses live operators and provides higher quality service than other DA providers.

FCC Retail DA Proceeding

Retail DA Competition In the U.K.

- The U.K. Model
 - In 09/01, Oftel ordered the withdrawal of the DA default code 192 by 08/03.
 - Oftel introduced new access codes (118XXX) for all DA providers, which were awarded via lottery in 05/02.
- Background:
 - Oftel conducted consumer studies and found that consumers were ambivalent to the default codes.
 - Oftel determined that introducing a new sequence for all DA providers was the only way to successfully promote competition in the retail DA market.

FCC Retail DA Proceeding

UK DA Market Update

- On 12/10/02 the market for DA services opened to new competitors. On 08/24/03 the old legacy codes (192) will be switched off to complete the process of market liberalisation.
- The UK market for DQ services is currently valued at £350 million and accounts for 750-800 million calls.
- It is estimated that approaching £10 million has been spent marketing the new DA codes, and a further £90 million will be spent this year on marketing.
- Ten companies actively market DA service and at least another 10 likely will be launched before 08/01/03.

FCC Retail DA Proceeding

UK DQ Market Update

- BT's figures show that about 20% of all calls originating on their network have already shifted to using the new 118 access codes ahead of the August 24th switch-off date. The rate of switching to new services is increasing daily.
- Companies wishing to enter the market have invested millions of pounds on telecommunications infrastructure for the telecom and call center industries.
- It is estimated that between 30% and 60% of calls will move from the incumbent (depending on whether information announcements on the old access codes after switch-off are pro-incumbent or pro-competitor).
- BT believes that it will raise additional revenue per call due to new innovative services developed as a response to competition, and higher call volume due to increased advertising and innovation will generate revenue that will offset much of the potential losses.

FCC Retail DA Proceeding

The European Experience

“Real” Numbering Parity Is The Key To Competition

- Removing the incumbent default code and establishing a framework where all DA providers have a number of equal pattern and length is the only way to create effective competition.
- Germany, the U.K., Ireland, Sweden, Norway and Spain have followed this model.
- Learning from experience that numbering parity is a pre-condition to competition, Spain has changed its regulatory regime for the second time in only a few years.
- Other regulatory regimes may produce competition initially, but it quickly fades as consumers return to the incumbent provider.

FCC Retail DA Proceeding

Other European Models Do Not Result In Effective Competition

- None of the other models implemented by European countries have resulted in effective competition:
 - Switzerland and France introduced new number ranges for competitors and retained the incumbent default code.
 - Denmark and Portugal reserved shorter access codes for incumbents and gave competitors longer codes.
 - Belgium and Greece required competitors to offer DA service only via premium-rate numbers, while incumbents retained their short default code.
- In each instance, after an initial surge to competitive services, competition has faded as consumers turn to the shorter incumbent code.

FCC Retail DA Proceeding

MCI, InfoNXX and Telegate Agree on 555 Solution

MCI, InfoNXX and Telegate agree that implementation of 555 numbers for retail DA competition is the best way to jump-start competition in the retail DA market.

- Elimination of the US default codes – 411 & 555-1212 – is a prerequisite to competition.
- Consumers will readily adapt to using 555 numbers. They are already familiar with the use of 555 numbers for information services.
- ILECs already route 555 numbers – therefore, a 555 solution would not be administratively or technically burdensome.
- Eight years ago, the Commission adopted a decision that entities other than LECs should be able to use national and regional 555 numbers.

FCC Retail DA Proceeding

411 Presubscription and Other DA Proposals Will Not Result in Competitive Benefits

- 411 Presubscription:
 - Imposes significant technical and administrative burdens on LECs, competitive providers and consumers.
 - Is expensive and time-consuming.
 - Preserves much of the incumbent provider's advantage in the retail DA market.
- Other DA Proposals:
 - 411XX/411XXX. This proposal attempts to preserve some vestige of 411, but would result in consumer confusion and require more education than 555 implementation. In addition, this option would be more difficult to implement because 5-digit and 6-digit numbers are not a standard string in the U.S.
 - Carrier Access Codes (101XXXX). This proposal also would cause consumer confusion because 101XXXX numbers are associated with "dial around" long distance services. Use of CACs potentially would exclude business users from the retail DA market because many PBXs are programmed to block 101XXXX numbers.

PUBLIC NOTICE

**BT Directory Enquiries is being updated.
The old 192 number will be replaced by:**

118 500

ADDITIONAL SERVICES INCLUDE:

- Putting your call through directly
- Classified searching; local plumbers, florists etc.
- Numbers texted to your mobile for free
- Listings information, eg: cinema times and
film listings nationwide

To minimise any confusion or inconvenience
BT advise making a note of this number or
storing it in your mobile phone.

PUBLIC NOTICE

BT Directory Enquiries is being updated.
The old 192 number is being replaced by a radical
new directory enquiries concept. Being helpful.
The new number is:

118 118

ADDITIONAL SERVICES WE OFFER YOU
THAT BT 192 NEVER BOTHERED TO OFFER INCLUDE:

Putting your call straight through
Classified searching; local plumbers, florists etc.
Numbers texted to your mobile for free
Listings information, eg: cinema times and
film listings nationwide

To minimise any confusion caused by the disappearance
of 192 and to make things more convenient
for you we advise making a note of this number
or storing it in your mobile phone.

Not BT
(thank goodness)



To avoid confusion please note that there are a number of new Directory Enquiry services all beginning with 118 but ours is the only one that finishes with 118.
We only charge 9p per minute to put you straight through on BT landlines unlike some others who charge 30p per minute. Our one-off charge is 49p. Costs and availability from other networks may vary.
For further information, contact customer care at The Number,™ Sterling House, Malhouse Avenue, Cardiff CF23 8RA.

NAME: _____ PHONE: _____ ADDRESS: _____ POSTCODE: _____ DATE: _____